

RESIDENTIAL RESEARCH



DESTINATION PERTH

RESIDENTIAL INSIGHT Q2 2017

LIVING IN PERTH

SCHOOLS & UNIVERSITIES

INVESTING IN PROPERTY

KEY FACTS

Perth is the state capital of **Western Australia** located on the West Coast of Australia and covers a geographic area of 6,418 km².

Greater Perth is Australia's fourth largest city for **population** with 2.1 million people.

Perth generally has more sunny days than other Australian capital cities over the year. **Weather** in the summer months is a mean maximum temperature of 31°C, while the cooler winters experience a mean minimum of 8°C.

In Perth, the most daily **sunshine** is 13 hours in the month of January.

Perth is the **closest major Australian capital city to Asia**, allowing easy connection towards the European continent, and falls into the same time zone as capital cities such as Singapore, Hong Kong, Kuala Lumpur, Jakarta, Beijing and Shanghai.

From Perth, average **flying travel time** is approximately four (4) hours to Jakarta, five (5) hours to Singapore, six (6) hours to Kuala Lumpur, eight (8) hours to Hong Kong, nine (9) hours to Shanghai and 10 hours to Beijing.

Perth operates under the Australian Western Standard Time (AWST) **time zone** at all times of the year.

LIVING IN PERTH

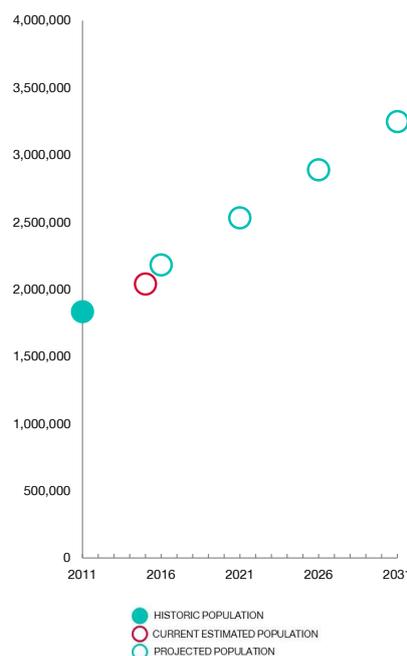
Population

Perth is Australia's fourth largest city, with approximately 2.1 million residents estimated living in the Greater Perth region in 2016. The city follows Sydney (at 5.0 million), Melbourne (at 4.6 million) and Brisbane with 2.3 million residents.

Over the year to 30 June 2016, an increase in the estimated resident population was recorded at 1.3%. This is slightly behind the overall Australian population growth of 1.4% according to the Australian Bureau of Statistics (ABS).

The Greater Perth population is projected to grow by 77.2% from 1.8 million persons in 2011, to 3.2 million 2031 as shown in Figure 1. This projection was last estimated in 2013 by the ABS. Given the tapering back of mining activity in WA, population growth is expected to be revised to a more sustainable level once the Census 2016 is released.

FIGURE 1
Perth Projected Population
Total number of persons



Source: Knight Frank Research, ABS

Age Distribution

Age distribution in Perth is relatively in-line with the national average—however, the 20-29 age group trends higher at 15.2% against the national average at 13.8%. Many miners are known to be entering the industry at a young age, often from interstate capitalising on the attractive incomes on offer.

Multiculturalism

Perth is a true multicultural city, with 40.4% of residents being born outside of Australia. The most prominent countries of birth include England (9.5%), New Zealand (3.1%), South Africa (1.8%), India (1.6%) and Malaysia (1.4%). This has been established with the previous generation, as about 46.4% of Perth's residents' parents were born overseas—exceeding the national average of 34.3%.

Housing

Perth's dwelling structure is currently more heavily weighted to separate houses than the national trend. Approximately 9.1% of private dwellings are flats, units or apartments—compared to the national average of 13.6%; whilst approximately 78.6% are separate detached houses—compared to the national trend of 75.6%.

Employment

More people within Perth are also educated at university level compared to the Australian average—with approximately 16.2% of the local student population studying at university in the 2011 Census, compared to the national average of 14.3%.

Being a multi-skilled city, the most common occupations span multiple industries. These include Health Care and Social Assistance (10.9%), Retail Trade (10.4%), Construction (10%), Manufacturing (8.5%) and Professional Services (8.3%).

Liveability

Perth has ranked 7th place of the World's Most Liveable Cities around the world.

The index is based on 30 factors spread across five areas: stability, infrastructure, education, health care and environment as shown in Table 1.

TABLE 1
World's Most Liveable Cities
Index of 140 cities based on Stability, Infrastructure, Education, Health Care & Environment, 2016

1. Melbourne
2. Vienna
3. Vancouver
4. Toronto
= 5. Adelaide, Calgary
7. Perth
8. Auckland
9. Helsinki
10. Hamburg

Source: Knight Frank Research, Economist Intelligence Unit

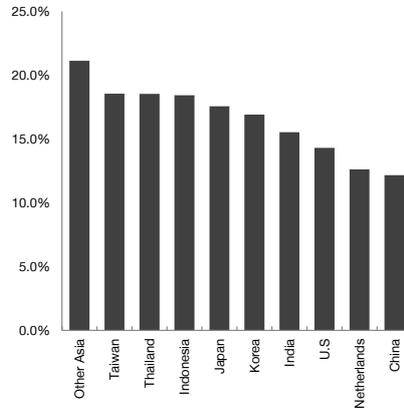
Tourism

The balmy climate of Perth allows for a laid-back environment with locals soaking up the comfortable weather in the many cafés along vibrant shopping strips, down at the beach, bushwalking or riding bikes with the family amongst the native flora and fauna or relaxing in one of the local parklands.

Most notable is Kings Park adjoining the city skyline, with a high vantage point over the Swan River and Perth CBD. Watching unrivalled sunsets to the west is very popular amongst tourists and locals alike, being the only Australian capital city to enjoy the sun setting on the ocean.

The number of international visitors to Australia totalled 7.7 million in the year ending March 2017, up 9.2% on the previous year. The number of visitors from Other Asian countries grew 21.1%, to 291,000, while over the same time, visitors from Taiwan (at 156,000) and Thailand (at 87,000) both increased 18.5%. The remaining fastest growing top ten nationalities visiting Australia have been ranked in Figure 2.

FIGURE 2
International Visitors – Top 10 Nationalities – to Australia
Annual Growth, Year ending Mar 2017



Source: Knight Frank Research, Tourism Research Australia

Shopping

Perth accommodates a vast array of restaurants, fashion brands, independent retailers as well as shopping malls. In Perth city, Hay Street Mall and Murray Street Mall both comprise pedestrian-only shopping districts, while retail strips and arcades feature a diverse range of traders.

Traditional department stores like Myer and David Jones are also found here. King Street, Perth is commonly known as the “start of West End” - famed for its international luxury brands such as Louis Vuitton and Gucci. The street intersects Murray St, Perth, where many cafés, bars, and small stores can be found.

One of the largest diamond mines in the world—the Argyle Diamond Mine—is located in the far north-east of Western Australia, close to the border of the Northern Territory. The mine is the largest diamond producer in the world by volume, and is also the only known significant source of the elusive pink diamonds.

Due to Perth’s proximity to the mine, diamonds are often discounted and abundant —found anywhere from small jewellers in the suburbs to the large international chains nestled in the CBD.

PERTH ANNUAL EVENT CALENDAR

JANUARY

- Perth Chinese New Year Fair
- Perth Cup, Ascot Racecourse
- Hopman Cup
- Australia Day Perth Celebrations

FEBRUARY

- Perth International Arts Festival
- Rottneest Channel Swim

MARCH

- Sculptures by the Sea, Cottesloe
- Mandurah Crab Fest

APRIL

- SunSmart Busselton Festival of Triathlon

MAY

- Jazz by the Bay
- Argyle Diamonds Ord Valley Muster

JUNE

- Feed Box Market Finale

JULY

- Good Food and Wine Show

AUGUST

- Mt Claremont Farmers Market
- Stirling Farmers Market

SEPTEMBER

- Australian Football League Grand Final

OCTOBER

- Oxfam Trailwalker Perth
- The Handmade Expo Market

NOVEMBER

- Perth International Arts Festival (Films)
- The Last Gentlemen of War

DECEMBER

- Christmas in the City Celebrations
- Swan River New Year’s Eve Fireworks

“International students can apply for a single Student Visa regardless of their chosen course of study, whilst student guardians can apply for the new Student Guardian Visa.”

STUDYING IN PERTH

The Simplified Student Visa Framework (SSVF)

From 1 July 2016, the Simplified Student Visa Framework (SSVF) replaced all previous eight student visas to allow study in Australia.

Under the SSVF there will be only two subclasses: Student Visa and Student Guardian Visa.

Student Visa – Subclass 500

International students can apply for a single Student Visa regardless of their chosen course of study.

Student Guardian Visa – Subclass 590

Student guardians can apply for the new Student Guardian Visa.

The SSVF is designed to make the process of applying for a student visa simpler to navigate as all applications for student visas must be completed online.

All students and student guardians will generally be required to lodge their visa application online by creating an account in ImmiAccount.

ImmiAccount can be accessed at: border.gov.au/Trav/Visa/Immi

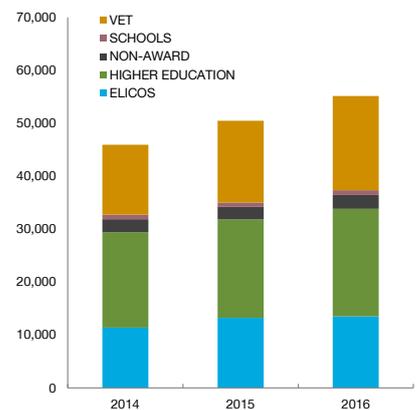
International Student Population

Reflecting the strong reputation internationally, universities in Australia accommodate a large international student base.

International student enrolments in WA increased approximately 20% from 45,900 in 2014, to 55,130 in 2016, as shown in Figure 3. Higher Education commands the most demand in student enrolments with 20,285, followed by Vocational Education and Training (VET) with 17,815 students.

FIGURE 3
International Student Enrolments – WA

Number of persons, All countries



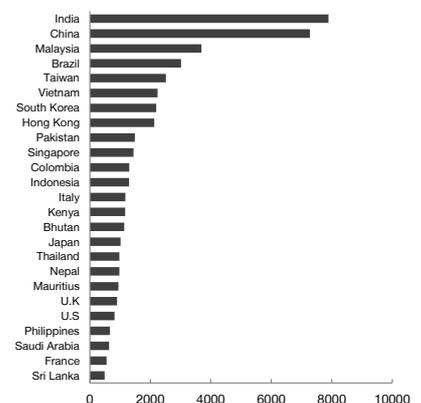
Source: Knight Frank Research, Department of Education and Training

The top 25 nationalities of international students enrolled to study in WA, in 2016, across all education sectors are ranked in Figure 4.

The largest nationality population base is from India (7,890), China (7,270), Malaysia (3,690), Brazil (3,010) and Taiwan (2,515).

FIGURE 4
International Student Enrolments – Top 25 Nationalities – WA

Total number of persons, All education levels, 2016



Source: Knight Frank Research, Department of Education and Training

EDUCATION—PRIMARY & SECONDARY SCHOOLS AND UNIVERSITIES

Primary & Secondary Schools

Schools in Australia generally comprise a mix of local and international students.

The schooling education system in Western Australia is broadly divided into:

- **Primary school (ages 5 to 12)**
- **Secondary school (ages 12 to 18)**

There are four main types of schools—public, selective public, independent and religious-based.

Public schools

Public schools are financially and administratively operated by the state government and provide free education to domestic students. First preference is normally given to those living within a particular catchment area from the school.

Student visa holders must pay a fixed fee for each year of education, dependent on the type of visa held.

Selective public schools

Selective public schools are financially and administratively operated by the state government. Selective public schools are regarded as more prestigious due to the academic selective nature.

Students must sit academic examination and excel in order to be offered a position from the respective school. Additionally, these selective public schools do not usually limit their intake to catchment areas.

Due to their public nature, student visa holders must pay a fee for each year of education.

Independent schools

Independent schools are financially and administratively privately operated. Independent schools therefore hold more control over the quantity and quality of teachers, classroom sizes, amenities and co-curricular.

Fees for independent schools are usually high, but can be considered to provide an investment for superior education and amenities to students.

Religion-based schools

Religion-based schools hold faith at the core of their education—however they continue to follow the state government education curriculum.

These religion-based schools are usually non-government, and thus often have higher fees than government subsidised schools.

Universities

Most universities have a main campus with several smaller campuses located across multiple states and territories; in CBD, metropolitan and regional areas. This provides a wide range of options when studying in Australia with many universities also setting up campuses based in major international cities.

The application process for international students applying to Australian universities is similar to local students. The length of the application process can often be longer than local students, as more information is required before acceptance.

Most universities will require an IELTS (International English Language Testing System) examination conducted, an internationally recognised education qualification and a portfolio of previous work experience where applicable.

APPLYING TO AN AUSTRALIAN SCHOOL

Apply to School: In most schools, an 'Expression of Interest' form must be completed prior to the school year commencement in order to guarantee a position for the student. Response times vary for each school.

Wait for Offer: If all requirements are met, the school will offer a formal placement in writing.

Apply for a Student Visa: With the formal school offer, students can then apply for relevant visas to allow them to live and study in Australia.

APPLYING TO AN AUSTRALIAN UNIVERSITY

Apply to University: Search online for a university course or investigate the courses on offer at your preferred university. Apply directly through the university contacts and provide all required evidence (usually education, financial and English language competence). Response times vary for each university.

Wait for Offer: If all requirements are met, the university will offer a formal placement in writing.

Apply for a Student Visa: With the formal university offer, students can then apply for relevant visas to allow them to live and study in Australia.

EDUCATION—PRIMARY SCHOOLS

Perth's top 25 overall best primary schools in 2015 are listed in Table 2, ranked according to *Better Education*.

TABLE 2

Primary Schools—Top 25—Perth

Based on performance, 2015

Primary School	Locality	Format	Type	English Score	Maths Score	Overall Score
1 Blue Gum Montessori School	Bibra Lake	Co-ed	Independent	5/5	5/5	100
2 Oberthur Primary School	Bull Creek	Co-ed	Public	5/5	5/5	100
3 Churchlands Primary School	Floreat	Co-ed	Independent	5/5	5/5	100
4 Nedlands Primary School	Nedlands	Co-ed	Independent	5/5	5/5	100
5 Rosalie Primary School	Shenton Park	Co-ed	Independent	5/5	5/5	100
6 Kapinara Primary School	City Beach	Co-ed	Public	5/5	5/5	100
7 Victoria Park Primary School	Victoria Park	Co-ed	Public	5/5	5/5	100
8 Floreat Park Primary School	West Floreat	Co-ed	Independent	5/5	5/5	100
9 Wembley Primary School	Wembley	Co-ed	Independent	5/5	5/5	99
10 Jolimont Primary School	Jolimont	Co-ed	Independent/Public	5/5	5/5	99
11 Applecross Primary School	Applecross	Co-ed	Independent/Public	5/5	5/5	99
12 Burrendah Primary School	Willetton	Co-ed	Independent/Public	5/5	5/5	99
13 Rostrata Primary School	Willetton	Co-ed	Independent/Public	5/5	5/5	99
14 Dalkeith Primary School	Dalkeith	Co-ed	Independent/Public	5/5	5/5	99
15 Loreto Primary School	Nedlands	Co-ed	Catholic	5/5	5/5	99
16 Winthrop Primary School	Winthrop	Co-ed	Public	5/5	5/5	99
17 Hollywood Primary School	Nedlands	Co-ed	Independent/Public	5/5	5/5	99
18 Carine Primary School	Carine	Co-ed	Independent/Public	5/5	5/5	99
19 Fremantle Primary School	Fremantle	Co-ed	Independent/Public	5/5	5/5	99
20 West Leeming Primary School	Leeming	Co-ed	Public	5/5	5/5	99
21 Como Primary School	Como	Co-ed	Public	5/5	5/5	99
22 Shelley Primary School	Shelley	Co-ed	Public	5/5	5/5	99
23 Coolbinia Primary School	Coolbinia	Co-ed	Independent/Public	5/5	5/5	99
24 Ardross Primary School	Ardross	Co-ed	Public	5/5	5/5	98
25 Poynter Primary School	Duncraig	Co-ed	Public	5/5	5/5	98

Format refers to Girls only, Boys Only & Co-ed (co-educational allowing for both girls and boys to attend the school). Type refers to Public, Selective Public, Independent and Religion-based. If religion-based, the religion is stated such as: Catholic, Christian, Anglican, Uniting, Presbyterian, Lutheran, Jewish, Islamic. English & Maths Scores are provided out of a total of 5 (5 being the highest score) whilst Overall Score provided is out of a total of 100 (100 being the highest score).

Source: Knight Frank Research, Better Education

EDUCATION—SECONDARY SCHOOLS

Perth's top 25 overall best secondary schools in 2015 are listed in Table 3, ranked according to *Better Education*.

TABLE 3

Secondary Schools—Top 25—Perth

Based on performance, 2015

Secondary School	Locality	Format	Type	English Score	Maths Score	Overall Score
1 Perth Modern School	Subiaco	Co-ed	Independent	5/5	5/5	100
2 Hale School	Wembley	Boys	Anglican	5/5	5/5	100
3 Christ Church Grammar School	Claremont	Boys	Anglican	5/5	5/5	100
4 All Saints' College	Bull Creek	Co-ed	Anglican	5/5	5/5	99
5 Methodist Ladies College	Claremont	Girls	Uniting	5/5	5/5	99
6 Shenton College	Shenton Park	Co-ed	Public	5/5	5/5	99
7 Willetton Senior High School	Willetton	Co-ed	Independent/Public	5/5	5/5	99
8 Rossmoyne Senior High School	Rossmoyne	Co-ed	Public	5/5	5/5	99
9 St Mary's Anglican Girls' School	Karrinyup	Girls	Anglican	5/5	5/5	99
10 St Hilda's Anglican School for Girls	Mosman Park	Girls	Anglican	5/5	5/5	98
11 International School of WA	City Beach	Co-ed	Independent	5/5	5/5	98
12 Presbyterian Ladies College	Peppermint	Girls	Presbyterian	5/5	5/5	98
13 Perth College	Mount Lawley	Girls	Anglican	5/5	5/5	98
14 Carmel School	Dianella	Co-ed	Jewish	5/5	5/5	98
15 Guildford Grammar School	Guildford	Boys	Anglican	3/5	5/5	97
16 John XXIII College	Mt Claremont	Co-ed	Catholic	4/5	5/5	97
17 Scotch College	Swanbourne	Boys	Uniting	3/5	5/5	97
18 John Curtin College of The Arts	Fremantle	Co-ed	Selective	5/5	4/4	96
19 Churchlands Senior High School	Churchlands	Co-ed	Independent	4/4	5/5	96
20 Wesley College	South Perth	Boys	Uniting	3/5	5/5	96
21 Applecross Senior High School	Ardross	Co-ed	Public	4/5	5/5	96
22 St Mark's Anglican Community School	Hillarys	Co-ed	Anglican	4/5	5/5	96
23 Penrhos College	Como	Girls	Uniting	4/5	4/5	95
24 Aquinas College	Manning	Boys	Catholic	3/5	5/5	95
25 Langford Islamic College	Langford	Girls	Islamic	4/4	5/5	95

Format refers to Girls only, Boys Only & Co-ed (co-educational allowing for both girls and boys to attend the school). Type refers to Public, Selective Public, Independent and Religion-based. If religion-based, the religion is stated such as: Catholic, Christian, Anglican, Uniting, Presbyterian, Lutheran, Jewish, Islamic. English & Maths Scores are provided out of a total of 5 (5 being the highest score) whilst Overall Score provided is out of a total of 100 (100 being the highest score).

Source: Knight Frank Research, Better Education

EDUCATION – UNIVERSITIES

All major universities located in Western Australia are listed in Table 4.

TABLE 4

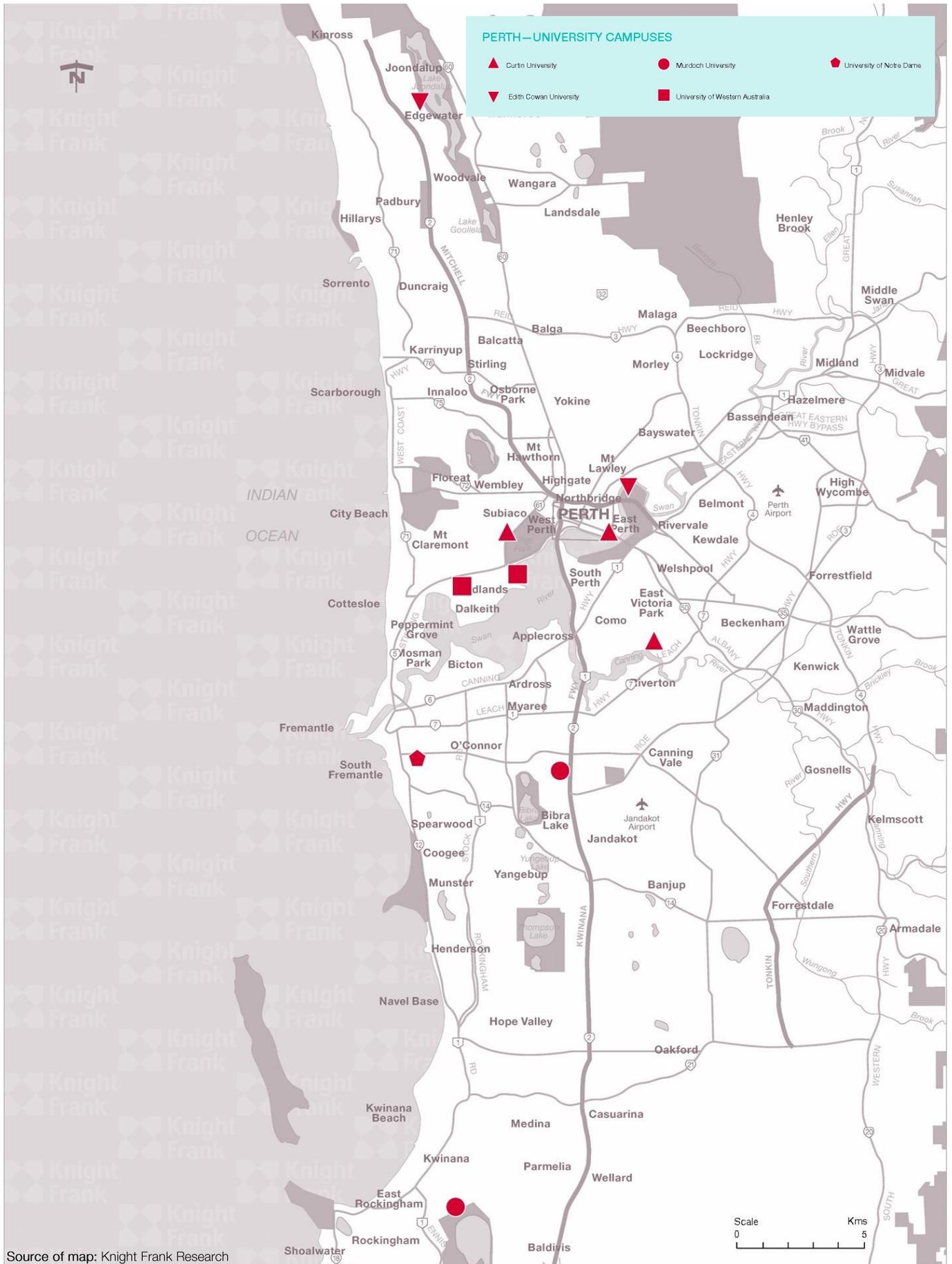
Universities – Western Australia

University Name <i>Campuses International Campuses</i>	State Ranking 2017	Australia Ranking 2017	World Ranking 2017	Adjusted Graduate Salary (AUD) 2017	Number of International Students (% of Total Students) 2015	Annual International Student Fees (Average, AUD) 2015
Curtin University <i>Bentley, Perth City, Kalgoorlie, Margaret River, Shenton Park Singapore City (Singapore), Sarawak (Malaysia)</i>	3	20	294	\$48,383	15,205 (31%)	\$29,000
Edith Cowan University <i>Joondalup Campus, Mount Lawley Campus, South West Campus</i>	4	25	807	\$47,572	4,009 (16%)	\$25,000
Murdoch University <i>South Street Campus, Rockingham Campus, Peel Campus Singapore City (Singapore), Petaling Jaya (Malaysia), Dubai (United Arab Emirates)</i>	5	32	601	\$47,855	9,961 (43%)	\$27,000
University of Notre Dame <i>Broadway (NSW), Darlinghurst (NSW), Fremantle, Broome</i>	2	17	1,826	\$53,662	320 (3%)	NA
University of Western Australia <i>Crawley Campus, Claremont Campus, Albany Campus</i>	1	4	128	\$58,809	5,207 (20%)	\$34,000

Australian Ranking is calculated from the combined score for World Ranking (reputation), Graduate Satisfaction (ratings) and Adjusted Graduate Salary (results). State Ranking is based directly from the Australian Ranking. World Ranking is calculated by averaging the ranking produced by QS World University Ranking, the Shanghai Academic Ranking of World Universities and Webometrics web publishing rankings. Adjusted Graduate Salary is a measure of how well are doing on the job market some months after graduating based on graduate salaries, rates of unemployment and the proportion of students who go onto further study. Further information is available at universityreviews.com.au

Important Notice: All fees provided are an estimate only. It is highly recommended to engage directly with the Australian university for information on the course and fees applicable.

Source: Knight Frank Research, Uni Reviews



PURCHASING A RESIDENTIAL PROPERTY IN PERTH

Current regulations for purchasing residential property in Perth

For further information:

Foreign Investment Review Board [FIRB]

firb.gov.au

Department of Immigration and Border Protection

border.gov.au

- Must apply and gain approval from the FIRB prior to purchasing property in Australia.
- Applications are generally approved if the property purchased adds to the housing stock, including new dwellings that are yet to be occupied or sold, off-the-plan properties under construction or yet to be built. This includes vacant land for residential development where ongoing construction begins within 24 months.
- Non-permanent residents are forbidden to purchase established dwellings as investment properties or as homes. Although there could be an exception if the established dwelling is being redeveloped into multiple dwellings, and as a result, there is an increase in the dwelling count. Over the development period, the house must remain unoccupied.
- Foreign buyers can purchase an off-the-plan dwelling, when another buyer has failed to reach settlement—reverting to its previous status as a new dwelling. An apartment or house that has just been built, or is still under construction and for which the title has never changed hands, is not considered an established dwelling.
- A temporary resident is a person who is residing in Australia and holds a temporary residency visa which permits them to stay in Australia for a continuous period of more than 12 months (regardless of how long remains on the visa); or has submitted an application for permanent residency and holds a bridging visa which permits them to stay in Australia until that application has been finalised.
- Are required to notify FIRB prior to purchasing property in Australia, including an established dwelling, a new dwelling that has been purchased directly from the developer and has not been previously occupied for more than 12 months in total and vacant land for residential development where ongoing construction begins with 24 months. Temporary residents are not permitted to buy established dwellings as investment properties.
- May acquire one established dwelling only and it must be used as their main residence (home) in Australia. Such proposals normally meet with no foreign investment objections subject to conditions; such as, that the temporary resident sells the property when it ceases to be their main residence.

Non-Permanent Resident
(Foreign Investor)

Temporary Resident
(Temporary Residency Visa)

- Acquiring second-hand dwellings for the purpose of providing housing for their Australian-based staff normally meet with no objections subject to the conditions set by FIRB.
- The company must sell the property if it is expected to remain vacant for six months or more. In remote and rural locations foreign companies may rent out dwellings acquired under this category only where they are unable to sell the property.
- Whether a company is eligible, and the number of properties it may acquire under this category, will depend upon the scope of the foreign company's operations and assets in Australia.
- Foreign companies would not be eligible under this category where the property would represent a significant proportion of its Australian assets.

Foreign Company with Australian Business

- Investment migrants under this scheme are required to invest at least AUD\$5 million into complying investments in Australia for a minimum of four years before becoming eligible for permanent residency.
- The SIV scheme is intended to target the migration of high net-worth individuals to Australia with the longer-term aim of transferring wealth of international businesses and individuals to benefit Australian businesses and the broader economy.
- The SIV scheme was introduced on 24 November 2012 and is operated by the Department of Immigration and Border Protection.

Significant Investor Visa (SIV)

Investment Migrants (High Net Worth Individuals)

- Investment migrants under this scheme are required to invest at least AUD\$15 million into complying investments in Australia for a minimum of 12 months before becoming eligible for permanent residency; a more expeditious pathway than the SIV.
- The PIV scheme is aimed at attracting applicants with business and entrepreneurial skills and capital to enhance investment into innovative Australian businesses and the commercialisation of Australian ideas, research and development.
- The PIV scheme was introduced on 1 July 2015 and is operated by the Department of Immigration and Border Protection.

Premium Investor Visa (PIV)

“Before purchasing a residential property in Australia, all foreign investors must apply to the Foreign Investment Review Board (FIRB).”

“A fee is payable before their foreign investment application will be processed.”

“Seeking approval from the FIRB is property-specific; therefore one application per property.”

“The fee on application does not provide any assurance of securing the property.”

PURCHASING A RESIDENTIAL PROPERTY IN PERTH

When purchasing property in Australia, there are both federal and state taxes and a range of fees that are implemented.

COSTS—STANDARD

Deposit

A deposit of 10% is generally paid to ‘reserve’ or ‘secure’ a property. This sum is generally paid by cheque or electronic transfer and held in Trust until the remaining 90% is paid upon settlement or, when the property has completed construction.

Stamp Duty

Stamp duty is a tax that is levied by the state government on written documents and transactions involved in the purchase of property.

Land Transfer Fee

When a property changes ownership, a document known as a Land Transfer is lodged and registered with the appropriate State Titles Office, and a fee is charged.

It is this document that records the change of ownership. The cost to register the title varies in each state or territory of Australia.

Your solicitor/conveyancer will usually perform this task on your behalf.

Note: Also known as a Land Registration Fee.

Legal Fees

Legal fees will vary between legal firms and may be dependent on property value. Generally fees range from \$1,000 to \$3,000 plus Goods and Services Tax (GST). It is highly recommended to engage a solicitor or conveyancer during the entire process of a property purchase.

Note: Also known as Conveyancer Fees

Mortgage Application Fee

A fee charged by the relevant state government for the registration of a home loan, which vary from provider to provider.

Note: Also known as a Mortgage Registration Fee.

ADDITIONAL COSTS—AS A FOREIGN INVESTOR

The Australian Government welcomes foreign investment into Australia’s residential property market. The current rules around foreign investment in residential property aim to direct investment into new housing, increasing the housing supply and support local economic activity.

All foreign persons— that is, temporary residents and non-residents— can apply to purchase vacant residential land for development and newly constructed dwellings in Australia.

Non-resident foreign persons are generally prohibited from purchasing established dwellings in Australia. However, temporary residents can apply to purchase one established dwelling to use as their residence while they live in Australia, although on the condition the property is sold when it ceases to be their principal place of residence.

Once a property has been identified to purchase, an application must be made to the Australian Foreign Investment Review Board (FIRB). It is highly recommended that an application is submitted prior to the advance of any transaction—to ensure complete legality of the purchase. Additionally, approval from FIRB is property-specific—one

application per property.

When the application is submitted, the government investigates to ensure that the purchase of the property will be in the country's best interest. A decision on the application is made within 30 days— unless complications or alterations occur, in which it may take up to 90 days.

Foreign Investor Application Fee

From 1 December 2015, all foreign investors must pay a fee before their foreign investment application will be processed.

Foreign investors are required to pay \$5,000 to purchase a new property in the Australian property market, with an additional \$10,000 payable for every million dollar increment in the value of the property. The fees apply for each application and is uncapped if the property is valued over AU\$1 million.

TABLE 6
Fees payable by Foreign Investors, Residential property
Based on Property Value, AUD

\$1 million or less	Over \$1 million
\$5,000	\$10,000 plus \$10,000 incremental fee increase per additional \$1 million in property value

An interactive on-line fee estimator is available at firb.gov.au

Source: FIRB

This fee does not provide any assurance of securing the property and stricter penalties have been ramped up by the Australian Taxation Office (ATO) for those who breach the rules.

For more detailed information on current fees and penalties, refer to our [Foreign Investment in Australian Residential Property Market Insight](#) report.

Duty Surcharge

The New South Wales, Victoria and Queensland state governments have introduced a duty surcharge for foreign investors, payable in addition to standard state-based stamp duties. The Western Australian state government has not followed this lead, allowing foreign investors to freely invest in the residential property market, once FIRB compliant.

TABLE 7
Duties payable by Foreign Investors, Residential property
Based on Property Value, AUD, Payable in addition to standard state-based stamp duties

New South Wales; including Sydney	From 1 Jul 2017	8%
Victoria; including Melbourne	From 1 Jul 2016	7%
Queensland; including Brisbane & Gold Coast	From 1 Oct 2016	3%

Source: NSW Office of State Revenue, State Revenue Office Victoria, Queensland Government

CASE STUDY: COST TO PURCHASE A NEW RESIDENTIAL APARTMENT IN PERTH

TABLE 5
Estimated Property Purchase Costs, Perth
All costs represented in AUD, From 1 July 2017

Purchase Price	350,000	500,000	750,000	1,000,000	1,500,000	2,000,000
Stamp Duty	10,735	17,765	29,740	42,615	68,365	94,115
Land Transfer Fee	235	255	315	355	455	555
Legal Fee (includes GST payable)	1,500	1,500	1,500	1,500	1,500	1,500
Mortgage Application Fee	165	165	165	165	165	165
Standard: Estimated Total Costs	12,635	19,685	31,720	44,635	70,485	96,335
Foreign Investor Application Fee*	5,000	5,000	5,000	5,000	10,100	20,300
Foreign Investor Duty Surcharge @0%	0	0	0	0	0	0
Foreign Investor: Estimated Total Costs	17,635	24,685	36,720	49,635	80,585	116,635

*The FIRB application must be made prior to the advance of any transaction to ensure complete legality of the purchase. Seeking approval from the FIRB is property-specific; therefore one application per property. The fee on application does not provide any assurance of securing the property. An interactive on-line fee estimator available at firb.gov.au

Important Notice: The above worked examples are an estimate only. It is highly recommended to engage a solicitor or conveyancer during the entire process of a property purchase.

Source: WA Office of State Revenue, FIRB

WHAT IS AN OWNERS CORPORATION?

A group of elected people that manage the operations and decision-making of the common area of the property. This can include elevators, foyers, swimming pools and spa, gymnasiums, plants and foliage, lighting, staircases, fences, visitor car parks and security.

In most states, the owners corporation must comprise of an executive committee (generally individual owners of the apartments) that can make any necessary decisions on its behalf. The rights and responsibilities of both the owners corporation and its members differ state by state but generally comprise:

- Maintaining and repairing the common property of the strata scheme
- Managing the finances of the strata scheme
- Maintaining required insurances including public liability and building insurance where applicable
- Record keeping of all details of notices given under the relevant state strata management legislation
- A strata register must be established and maintained, detailing the owner's name or agent's name and address for each lot within the strata scheme
- Administering any by-laws for the strata scheme
- To provide a grievance register

OWNING A RESIDENTIAL PROPERTY IN PERTH

In Australia, most properties are purchased as freehold—that is, the land and building is owned outright, in perpetuity. Costs and taxes associated with a property vary dependent on the services the building provides.

COSTS—STANDARD

Land Tax

Land tax is an annual state tax that is calculated based on the aggregated taxable value of all land owned (or jointly owned) by an individual. Land Tax is not applied if the property is your principal residence.

Land Tax Surcharge for Foreign Investors

The New South Wales (at 2%), Victoria (at 1.5%) and Queensland (at 1.5%) state governments have introduced a surcharge on land tax for foreign owners, payable in addition to standard state-based land taxes. The Western Australian government has not followed this lead, so only standard land tax is payable for a foreign owner.

Foreign-Owned Vacant Residential Property Levy

The Australian government has introduced an annual levy for foreign-owned vacant residential property. The levy is equivalent to the foreign investment application fee imposed on the property by FIRB at the time the property was initially purchased.

Owners Corporation

If the purchased property is strata titled (a building where there are common areas and facilities for all occupants of the building), then an owners corporation must be established for the site. A regular fee is generally paid to maintain the property.

Council Rates

This varies from state to state as well as local council government area. This is the tax the council charges owners for the services to the property—generally paid quarterly or annually.

Income Tax

Income tax is payable on gross rental income, less any allowable deductions incurred in earning that income. As there are a number of allowable deductions, it is recommended that an Australian Tax advisor is consulted.

COSTS—WHEN A RESIDENTIAL LEASE IS ENGAGED

Lease

A property lease is a contract by which one party conveys property or land to another party for a specified period of time, usually in return for a periodic payment.

An owner is allowed to lease their property in order to earn an income from the building. When leasing out a property, there are costs and responsibilities for the landlord.

Rent

Rent paid by the tenant, to the landlord, can be paid weekly, fortnightly or monthly and this would be stipulated within the lease.

Rent increases will be stated within the lease. In a standard lease, the landlord cannot increase the rent until the end of the fixed term unless otherwise stated. Rent cannot be increased more than once every six months, and this is normally calculated in line with the market. The tenants must be given at least 60 days notice of any proposed increase.

Bond

A bond is a lump sum payment requested upfront from the tenants as security before moving into the property—usually four weeks' rent. This lump sum is held by the *Department of Commerce's Bond Administration*, and will be repaid to the tenant at the termination of the lease if the property is left in a suitable condition.

White Goods

Residential property may come either furnished or unfurnished, which is clarified in the lease. However, it is usually advised that the landlord provide fitted white goods as a minimum in order to appeal to a wider market, especially in high-rise apartment complexes.

Property Management Fees

Letting Fees: Usually 2 weeks' rent is paid to the agent as a fee for finding and securing a tenant.

Management Fees: Any costs

associated with employing the management of the building and its tenants. The fees usually range from 7% to 8.5% plus GST.

Landlord Insurance

Landlord Insurance is a type of property insurance that is designed specifically to rental properties. Depending on the insurance provider, it protects the home and contents from damage, theft, severe weather or rent default in some cases. To decrease risk, Landlord Insurance is highly recommended.

Utility and Service Charges

The party responsible for payment of utility and service charges will be stipulated within the lease. However, the landlord must pay for the actual installation and initial connection costs for electricity, gas, oil and water supply. If these need replacing, then the landlord must replace them to the minimum efficiency standards.

Repairs

Repairs to the property that are due to the normal wear and tear of the property must be paid by the landlord.

Repairs classified as 'urgent' must be completed as soon as possible, while 'non-urgent' repairs must usually be taken care of before 14 days of notification.

Terminating the Tenancy

A tenancy can be terminated at the conclusion of the lease. However, both landlord and tenant can request to end the tenancy for a variety of reasons which are outlined under the *Residential Tenancies Act 1987 (WA)*. Certain conditions must be met before the lease can be terminated, including days of notice, number of notices and reason for termination.

For more information, please visit <http://www.commerce.wa.gov.au>

SELLING A PROPERTY IN PERTH

Legal Fees

Legal fees include, but are not limited to, the costs for preparing a contract for sale. The solicitor or conveyancer fee could be dependent on value of property, and may vary between state and territory as well as the particular solicitor chosen. The cost may range between \$1,000 and \$3,000, plus GST.

Real Estate Agent Fees

An agent fee is the commission paid by the owner to the agent for selling your property. Commissions will vary between state and territory, and the fine print of the contract should be analysed thoroughly to understand the breakdown of the fee structure (such as fixed rate or tiered rate). Fees often range between 2% and 3% of the value of the property sold.

Marketing Fees

When an agent is chosen, the agent's fee breakdown will often stipulate the budget associated to marketing and advertising of the property. Additionally, there will be a period allocated to marketing with multiple open house inspections over several weeks. Budgets for marketing, media, as well as length of advertising should all be discussed with the agent to ensure maximum advertising potential.

Capital Gains Tax (CGT)

Capital gains tax (CGT) is a federal tax levied on the gains or loss upon the sale of an investment (most often real estate or shares). The tax is implemented simply on the difference between the cost of acquiring the investment, and the received value when sold. The difference is then added to the individual's or company's income tax for that financial year, and taxed accordingly with those rates. For local resident individuals, this equates to a range of 0% to 45%, while tax is applied at a rate of 32.5% to 45% for non-resident individuals. The CGT withholding rate for foreign tax residents is 12.5% with a threshold of \$750,000, unless a clearance certificate can be provided by the vendor. This will be effective from 1 July 2017.



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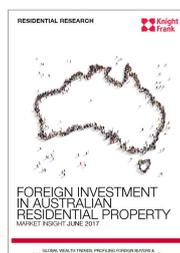
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